ESSILOR

SEEING THE WORLD BETTER

2016 INTERIM FINANCIAL REPORT

ESSILOR INTERNATIONAL

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This is a free translation into English of the 2016 Interim Financial Report issued in French.

July 29, 2016

Revenue Up 8.1% Excluding the Currency Effect

- Revenue up 4.1% like-for-like
- Lenses & Optical Instruments gained momentum, driven by the fast-growing countries
- Sunglasses & Readers impacted by weather conditions
- Earnings per share outpaced revenue
- Free cash flow[2] up 9.3%
- Revenue expected to end the year around 4.5% like-for-like
- 2018 objectives confirmed

Charenton-le-Pont, France (July 29, 2016 – 6:30 am) – The Board of Directors of Essilor International met yesterday to approve the financial statements for the six months ended June 30, 2016. The auditors have performed a limited review of the consolidated financial statements.

Financial Highlights

€ millions	H1 2016	H1 2015	Change
Revenue	**3,583**	**3,408**	+ 5.1%
Contribution from operations[1] *(% of revenue)*	**677** ***18.9%***	**651** ***19.1%***	+ 4.0%
Operating profit	**646**	**614**	+ 5.3%
Profit attributable to equity holders	**416**	**388**	+ 7.3%
Earnings per share (in €)	**1.95**	**1.83**	+ 6.4%
Free cash flow[2]	**247**	**226**	+ 9.3%

Commenting on these results, Hubert Sagnières, Chairman and Chief Executive Officer of Essilor, said: *"In a structurally expanding optical industry, Essilor is confirming its objective of increasing organic growth to more than 6% by 2018. In first-half 2016, our strategy once again successfully drove gains in the Lenses & Optical Instruments division and strong acquisitions-led growth. The performance of the Sunglasses & Readers division was hit by very unfavorable weather conditions in the second quarter. In the second half, we will continue to deploy a wide array of growth initiatives in prescription lenses, Sunwear, online retailing and the fast-growing countries. We are confident in our ability to fully capitalize on the many growth opportunities that are arising."*

First-half operating highlights

Consolidated revenue amounted to €3,583 million in the first six months of 2016, an increase of 8.1% at constant exchange rates and 4.1% like-for-like. Contribution margin[1] amounted to 18.9% of revenue, while earnings per share increased by 6.4% and free cash flow[2] advanced 9.3%.

Highlights of the first-half also included:

- A further acceleration at the Lenses and Optical Instruments division, with like-for-like growth of 5%, versus 4.7% in first-half 2015, that reflected:
  - A steep increase in business in the fast-growing countries.
  - Better-than-expected growth in Europe.
  - A sluggish performance in North America, primarily due to the decrease in Transitions Optical sales to other lens manufacturers.
- A 3.9% decline at the Sunglasses & Readers division caused by:
  - Unfavorable weather conditions during the sunwear season.
  - A slower-than-expected recovery in sales at Xiamen Yarui Optical (Bolon™).
- A return to growth at the Equipment division.
- A positive contribution by online sales to consolidated growth.
- A robust acquisitions and partnerships dynamic, which added 4.0% to reported growth.
- A high contribution from operations, reflecting firm cost discipline.

Outlook

Essilor expects the Sunglasses & Readers division to deliver an improved performance in the second half, and the lenses and online retailing operations will continue to deploy a wide range of growth initiatives during the period. Nevertheless, it prefers to conservatively factor the impact of a poor sunwear season into its full-year like-for-like growth objective, and calls for an increase in revenue in excess of 8% at constant exchange rates, including like-for-like growth of around 4.5%. Essilor also confirms the target for contribution from operations[1] excluding any new major acquisitions of at least 18.8% of revenue for the year. The Company's structural growth dynamic remains unchanged and we continue to target like-for-like revenue growth of more than 6.0% by 2018.

Notes

1. *Contribution from operations corresponds to revenue less cost of sales and operating expenses (research and development costs, selling and distribution costs and other operating expenses).*
2. *Net cash from operating activities less change in working capital requirement and purchases of property, plant and equipment and intangible assets*

A conference call in English will be held today at 10:30 a.m. CEST.

The meeting will be available live and may also be heard later at:

http://hosting.3sens.com/Essilor/20160729-226A668B/en/

Regulatory filings

The interim financial report is available at www.essilor.com, by clicking on:

http://www.essilor.com/en/Investors/Pages/PublicationsDownloads.aspx

Forthcoming investor event

October 21, 2016: Third-quarter 2016 revenue

About Essilor

The world's leading ophthalmic optics company, Essilor designs, manufactures and markets a wide range of lenses to improve and protect eyesight. Its mission is to improve lives by improving sight. To support this mission, Essilor allocates more than €200 million to research and innovation every year, in a commitment to continuously bring new, more effective products to market. Its flagship brands are Varilux®, Crizal®, Transitions®, Eyezen™, Xperio®, Foster Grant®, Bolon™ and Costa®. It also develops and markets equipment, instruments and services for eyecare professionals.

Essilor reported consolidated revenue of more than €6.7 billion in 2015 and employs 61,000 people worldwide. It markets its products in more than 100 countries and has 32 plants, 490 prescription laboratories and edging facilities, as well as five research and development centers around the world. For more information, please visit www.essilor.com.

The Essilor share trades on the Euronext Paris market and is included in the Euro Stoxx 50 and CAC 40 indices.

Codes and symbols: ISIN: FR0000121667; Reuters: ESSI.PA; Bloomberg: EI:FP.

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MANAGEMENT REPORT

FIRST-HALF 2016 CONSOLIDATED REVENUE

€ millions	H1 2016	H1 2015	Change (reported)	Change (like-for-like)	Change in the scope of consolidation	Currency effect
Lenses & Optical Instruments	**3,129**	**2,954**	**+5.9%**	**+5.0%**	**+4.1%**	**-3.2%**
North America	***1,378***	***1,312***	***+5.0%***	*+3.1%*	*+2.8%*	*-0.9%*
Europe	***965***	***904***	***+6.8%***	*+4.6%*	*+3.8%*	*-1.6%*
Asia/Pacific/Middle East/Africa	***564***	***536***	***+5.3%***	*+8.7%*	*+1.6%*	*-5.0%*
Latin America	***222***	***202***	***+9.5%***	*+10.3%*	*+20.3%*	*-21.1%*
Sunglasses & Readers	**360**	**362**	**-0.6%**	**-3.9%**	**+4.7%**	**-1.4%**
Equipment	**94**	**92**	**+2.3%**	**+4.0%**	**-0.7%(a)**	**-0.9%**
TOTAL	**3,583**	**3,408**	**+5.1%**	**+4.1%**	**+4.0%**	**-3.0%**

(a) Intra-group sales with newly consolidated companies.

Revenue amounted to €3,583 million in the first six months of 2016, an increase of 5.1% as reported and of 8.1% like-for-like including bolt-on acquisitions[1], in line with Essilor's full-year guidance.

- On a like-for-like basis, revenue grew by 4.1%, driven by a solid 5% rise in the Lenses & Optical Instruments division on the back of double-digit sales growth in the fast-growing countries. Growth was held back however by a contraction in the Sunglasses & Readers division due to unfavorable weather conditions as well as a slower-than-expected recovery in sales at Xiamen Yarui Optical (Bolon™).
- Changes in the scope of consolidation added 4.0% to the growth performance, illustrating the major impact of the Company's 2015 acquisitions as well as the strong momentum in the early part of 2016, with 10 new transactions signed.
- The currency effect was a negative 3.0%, primarily due to the depreciation of the Brazilian real, Chinese yuan, Indian rupee, Colombian and Mexican peso, and in mature markets, a weakening of the Canadian dollar and British pound.

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[1] *Local acquisitions or partnerships*

REVENUE BY BUSINESS AND BY REGION

Lenses & Optical Instruments

The Lenses & Optical Instruments division posted like-for-like growth of 5.0%.

Sales rose by 3.1% like-for-like in **North America** over the period, as a solid performance in the United States made up for softer demand in Canada.

US sales were led by demand from independent eyecare professionals for Crizal® and Xperio® lenses, as well as other value-added products. In addition, a variety of new product, marketing and supply chain solutions were designed and are now being developed for the independent optometrists who are members of the Vision Source and PERC/IVA service platforms. They are expected to start delivering their benefits in the second half and in 2017. Business with the optical chains benefited from the success of the Company's premium solutions, while the contact lens distribution business enjoyed robust growth across the period. As demand cooled in the second quarter, overall performance in the US was dampened by the fall-off in Transitions Optical sales to other lens manufacturers.

In Canada, the various lens distribution networks (Essilor®, Nikon-Essilor, Shamir® and partner laboratories), as well as the instruments business, generated modest gains against high prior-year comparatives.

The sustained rise in online sales is being led by the continuing success of EyeBuyDirect™ and Frames Direct™, as well as by the return to growth of Clearly™ in Canada. In the United States, sales at Coastal™ have not improved as quickly as expected.

Sales in **Europe** ended the first six months of the year up 4.6% like-for-like, as the momentum built up in 2015 continued during the period, with solid gains in several large countries, as well as in Scandinavia, Russia and Eastern Europe. Operations in the Benelux countries enjoyed a return to growth, which helped to offset the slight slowdowns i) in the United Kingdom and Spain against high prior-year comparatives; and ii) in Central Europe. Sales of value-added products, like Varilux® progressive lenses, Crizal® anti-reflective lenses and Xperio® polarized lenses, rose over the period, while the new Eyezen™ category got off to a promising start. Lastly, the Instruments business and online sales turned in a solid half-year performance.

A sales increase above 10% in the fast-growing countries drove an 8.7% like-for-like gain in the **Asia/Pacific/Middle East/Africa region.** Growth remained very strong in India, led by robust sales of Transitions ®and Varilux® lenses. In a lackluster economy, operations in China are continuing to expand. The Eyezen™ line is proving highly popular with eyecare professionals and preparations are underway for the local roll-out of new blue-light lenses. Business in South Korea rose markedly over the period on the sustained success of Chemilens' Perfect UV solutions. Operations in Southeast Asia delivered solid growth, led by Transitions®, Varilux® and Kodak® lenses. The Turkish and African markets continued to demonstrate strong potential during the period. In particular, the robust demand for Varilux® and Crizal® lenses is boosting business in Morocco and Tunisia. Business also rose in the region's developed economies, thanks chiefly to optical chains in Japan and an equal contribution from independent eye care professionals and optical chains in Australia and New Zealand.

In **Latin America**, business rose by 10.3% like-for-like over the first half, reflecting slightly faster gains in Brazil in the second quarter and robust growth in the region's other countries, which are accounting for an increasing share of the total revenue stream.

In a persistently challenging economy, Essilor further strengthened its positions in Brazil, where Crizal® lenses performed well thanks to the successful media campaigns. In addition, the mid-range Kodak® line continued to be quickly deployed nationwide. The online businesses (eÓtica, e-lens and glasses4you™) reported good growth.

In the rest of the region, growth was driven by demand for high value-added products. In Mexico, consumer marketing campaigns continued to lift Crizal®, Transitions® and Varilux® lens sales, while Kodak® lenses are off to an encouraging start following their introduction in the second quarter. Operations in Argentina delivered the region's fastest growth, thanks in particular to the sharp increase in Crizal® lens sales. Revenue in Colombia and Chile was lifted by a strong performance from the Company's partner laboratories. Lastly, in Costa Rica and Nicaragua, Grupo Vision enjoyed the benefits of the faster market roll-out of Crizal®, Varilux® and other premium lenses.

<u>Sunglasses & Readers</u>

The Sunglasses & Readers division saw sales decline by 3.9% like-for-like over the first half, due to three main factors. First, the lack of demand from mass merchandisers and unfavorable weather conditions during the peak sunwear season impacted Costa® and the FGX International brands in North America and Europe. Second, after a first quarter disrupted by the introduction of a new inventory management system, Xiamen Yarui Optical (Bolon™) is recovering more slowly than expected in a lackluster Chinese market. Lastly, in the United States, FGX International's performance suffered by comparison with first-half 2015, when entire collections were placed at two key accounts.

Nevertheless, Essilor is pursuing the development of the Sunwear business, led by the expansion of its brands in the global marketplace, the entry into new distribution channels and the arrival of new products. This is expected to drive an improvement in sales in the second half.

<u>Equipment</u>

The **Equipment** division saw revenue climb 4.0% like-for-like in the first half, lifted by the increases in surfacing and coating capacity at several key accounts and optical chains, mainly in North America but also in Asia. Sales growth in Latin America was led by the growing take-up of digital surfacing technology by small and mid-sized laboratories. The Equipment division's backlog for the second half of the year trended favorably.

SECOND-QUARTER 2016 CONSOLIDATED REVENUE

€ millions	Q2 2016	Q2 2015	Change (reported)	Change (like-for-like)	Change in the scope of consolidation	Currency effect
Lenses & Optical Instruments	**1,562**	**1,501**	**+4.1%**	**+4.4%**	**+3.9%**	**-4.2%**
North America	***668***	***663***	***+0.8%***	*+1.5%*	*+2.2%*	*-2.8%*
Europe	***495***	***462***	***+7.1%***	*+4.5%*	*+4.9%*	*-2.3%*
Asia/Pacific/Middle East/Africa	***282***	***269***	***+4.6%***	*+8.5%*	*+1.7%*	*-5.7%*
Latin America	***117***	***107***	***+9.8%***	*+11.4%*	*+15.5%*	*-17.2%*
Sunglasses & Readers	**187**	**199**	**-6.0%**	**-5.8%**	**+2.9%**	**-3.1%**
Equipment	**50**	**49**	**+1.9%**	**+4.3%**	**-0.5%[a]**	**-1.9%**
TOTAL	**1,799**	**1,749**	**+2.9%**	**+3.2%**	**+3.7%**	**-4.0%**

(a) Intra-group sales with newly consolidated companies.

Revenue for the second quarter stood at €1,799 million, an increase of 2.9% as reported and 3.2% like-for-like, lifted by the 4.4% growth in Lenses & Optical Instruments sales. Changes in the scope of consolidation added 3.7% to growth, and the currency effect was a negative 4.0%.

Second-quarter highlights were as follows:

- ↗ A slowdown in North America, reflecting a fall-off in Transitions Optical sales to other lens manufacturers.
- ↗ Solid performances in all the fast-growing countries and in Europe.
- ↗ A peak sunwear season impacted by highly unfavorable weather conditions in the US and in Europe, as well as a slower-than-expected recovery in sales at Xiamen Yarui Optical (Bolon™).
- ↗ A good performance by the Equipment division.

ACQUISITIONS AND PARTNERSHIPS

During the first half, Essilor pursued its strategy of forging local partnerships by acquiring majority interests in 10 companies representing aggregate full-year revenue of around €100 million.

North America

- In the United States, Essilor of America has acquired:
  - **ICare Industries, Inc.**, a Florida-based laboratory with USD 14 million in revenue.
  - **Opti-Port LLC**, a national purchasing alliance of leading, multi-office eyecare practices.
  - **AllAboutVision.com**, a consumer website designed as a source of eye health and vision correction news and information. The site offers more than 500 pages of vision-related content and had more than 45 million unique visitors in 2015.
- In **Canada**, Essilor has acquired a majority stake in **Axis Medical Canada Inc.**, an optical instruments distributor to eyecare professionals with revenue of around CAD 6 million.

Europe

- In the **United Kingdom**, Essilor has acquired **Vision Direct Group Ltd.**, a leading online optical products retailer with revenue of around £33 million in 2015.

Asia/Pacific/Middle East/Africa

- In **South Africa**, a majority stake has been purchased in **One Vision Optical Pty Ltd.**, an eyewear, readers and sunglasses distributor with around €6 million in revenue, which also markets comprehensive vision solutions to independent opticians.

Latin America

- In **Brazil**, the Company purchased **Digital Lab** Industria e commercio de lentes e Óculos Ltda and Laboratorio Ótico **Summer Vision** Ltda, two laboratories with around BRL 12 million in aggregate revenue from operations in São Paulo and Rio de Janeiro states.
- In **Chile**, majority stakes have been acquired in **Laboratorio Óptica Ltda** and **Ópticas OPV Ltda**, an integrated laboratory and distributor that reported around USD 25 million in revenue in 2015.
- In **Peru**, a majority interest has been acquired in **Ocutec Laboratorio**, a prescription laboratory with revenue of around €3 million.

STATEMENT OF INCOME

Condensed statement of income

€ millions	H1 2016	H1 2015	Change
Revenue	3,583	3,408	+5.1%
Gross profit *(% of revenue)*	2,135 *59.6%*	2,041 *59.9%*	+4.6% --
Operating expenses	1,458	1,390	+4.9%
EBITDA[(a)] *(% of revenue)*	866 *24.2%*	835 *24.5%*	+3.8% --
Contribution from operations[(b)] *(% of revenue)*	677 *18.9%*	651 *19.1%*	+4.0% --
Operating profit	646	614	+5.3%
Financial income (expense), net	(37)	(20)	--
Income tax *Effective tax rate*	(159) *26.1%*	(172) *29.0%*	--
Net profit Attributable to equity holders of Essilor International *(% of revenue)*	450 416 *11.6%*	422 388 *11.4%*	+6.7% +7.3% --
Earnings per share *(in €)*	1.95	1.83	+6.4%

(a) EBITDA (Earnings Before Interests, Taxes, Depreciation & Amortization) is a metric defined as the contribution from operations before depreciation and amortization of property, plant and equipment, and intangible assets and amortization of inventory revaluations generated by acquisitions.

(b) Revenue less cost of sales and operating expenses (research and development costs, selling and distribution costs and other operating expenses).

EARNINGS PER SHARE UP 6.4%

Gross profit

In the first half of 2016, gross profit (revenue less cost of sales) stood at €2,135 million, representing 59.6% of revenue, versus 59.9% in first-half 2015.

The positive impact from the improved product mix and operating efficiency gains partially offset the decline in Transitions Optical's business to other lens manufacturers and the dilution coming from bolt-on acquisitions[1].

Operating expenses up 4.9%

Operating expenses amounted to €1,458 million for the period, representing 40.7% of revenue, versus 40.8% in first-half 2015.

They primarily comprised:

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[1] *Local acquisitions or partnerships*

- €108 million in R&D and engineering costs, versus €104 million in first-half 2015.
- €892 million in selling and distribution costs, versus €841 million in first-half 2015. In line with the Company's strategy, the increase reflected i) the higher consumer marketing expenses committed to strengthen the brand portfolio and raise consumer awareness of the online businesses; and ii) the expansion of the sales force.

Contribution from operations[1]

Contribution from operations[1] rose by 4.0% to €677 million in the first half. Contribution from operations[1], however, narrowed slightly to 18.9% of revenue from 19.1% in first-half 2015 due to:

- A 10-point decrease in operating expenses as a percentage of revenue, which partially offset a decline in gross margin.
- An €8-million increase in consumer marketing spend included in operating expenses compared with first-half 2015. Excluding this expense, contribution from operations[1] would have been stable at 19.1% of revenue.

Operating profit up 5.3% to €646 million or 18% of revenue

"Other income and expenses from operations" and "Gains and losses on asset disposals" together represented a net expense of €31 million, versus €37 million in first-half 2015. These items covered:

- Charges to restructuring provisions in a total amount of €14 million, mainly related to the reorganization of Transitions Optical production in the United States.
- Compensation costs for share-based payments (in particular performance share plans), totaling €25 million.
- €8 million in proceeds from the sale of property in France.

Finance costs and other financial income and expenses, net

This item came out at a net cost of €37 million, up from a net cost of €20 million in first-half 2015 due to the increase in interest expense stemming from the rise in interest rates on dollar-denominated debt and the swing to a foreign exchange loss from a strong gain in the prior-year period.

Profit attributable to equity holders up 7.3% to €416 million

Profit attributable to equity holders of Essilor International is stated after:

- €159 million in income tax expense, representing an effective tax rate of 26.1% compared with 27.5% in the year ended December 31, 2015. The improvement in the rate was mainly attributable to the reduction in dividend taxes after a significant portion of the 2015 dividend was paid out in shares.
- €34 million in non-controlling interests, unchanged from first-half 2015.

Earnings per share amounted to €1.95, a 6.4% increase that outpaced the growth in revenue.

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[1] *Contribution from operations corresponds to revenue less cost of sales and operating expenses (research and development costs, selling and distribution costs and other operating expenses).*

BALANCE SHEET AND CASH FLOW STATEMENT

FREE CASH FLOW[1] UP 9.3%

Free cash flow[1] advanced 9.3% to €247 million, and as a result of capital expenditure discipline, outpaced the rise in contribution from operations[2].

Capital expenditure and investments

Purchases of property, plant and equipment and intangible assets totaled €145 million for the first six months of 2016, mainly comprising capital expenditure to support the Company's development.
Financial investments, in an amount of €293 million, mainly concerned the acquisitions of Vision Direct Group Ltd in the United Kingdom, ICare Industries, Inc. in the US, and Ópticas OPV Ltda in Chile.

Working capital requirement

Working capital requirement rose by €233 million in first-half 2016 mainly due to seasonal impacts in the Lenses & Optical Instruments division.

Operating cash flow[3]

Operating cash flow[3] came in at €625 million (€617 million in the six months to June 30, 2015) and included the disbursement during the period of the fine handed down to two subsidiaries by the German antitrust authority. This was set aside in the financial statements in 2010.

Net debt

Consolidated net debt was €2,172 million at June 30, 2016, or 1.3 times consolidated 12-month EBITDA.

Cash flow statement

€ millions

Net cash from operations (before change in WCR[(a)])	625	Change in WCR	233
Proceeds from share issues	3	Capital expenditure	145
Change in net debt	83	Dividends[(c)]	103
Other[(b)]	63	Acquisition of investments, net of disposals[(d)]	293

(a) Working capital requirement.
(b) Other items include the positive €38-million currency effect.
(c) The theoretical 2015 dividend amounted to €237.1 million. However, the option to receive the dividend in shares was taken up by 67.6% of shareholders and the cash dividend effectively disbursed amounted to €79.1 million.
(d) Financial investments net of cash acquired, plus debt of newly-consolidated companies.

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[1] Net cash from operating activities less the change in working capital requirement and purchases of property, plant and equipment and intangible assets, according to the IFRS consolidated cash flow statement.
[2] Contribution from operations corresponds to revenue less cost of sales and operating expenses (research and development costs, selling and distribution costs and other operating expenses).
[3] Net cash from operating activities before working capital requirement.

SIGNIFICANT EVENTS SINCE THE END OF THE FIRST HALF

ACQUISITIONS

In the **United States**, Essilor of America has acquired a majority stake in **US Optical LLC**, a New York-based wholesale optical laboratory focused on quality and speed of delivery, with around USD 35 million in annual revenue. This partnership will help to complement Essilor's U.S. offerings and broaden the distribution of Varilux® lenses and other value-added products.

APPENDICES

CONSOLIDATED REVENUE BY QUARTER

€ millions	2016	2015
First Quarter		
Lenses & Optical Instruments	1,567	1,454
North America	*710*	*650*
Europe	*470*	*441*
Asia/Pacific/Middle East/Africa	*283*	*267*
Latin America	*104*	*96*
Sunglasses & Readers	173	163
Equipment	44	42
TOTAL First Quarter	**1,784**	**1,659**
Second Quarter		
Lenses & Optical Instruments	1,562	1,501
North America	*668*	*663*
Europe	*495*	*462*
Asia/Pacific/Middle East/Africa	*282*	*269*
Latin America	*117*	*107*
Sunglasses & Readers	187	199
Equipment	50	49
TOTAL Second Quarter	**1,799**	**1,749**
Third Quarter		
Lenses & Optical Instruments		1,446
North America		*643*
Europe		*431*
Asia/Pacific/Middle East/Africa		*270*
Latin America		*102*
Sunglasses & Readers		126
Equipment		48
TOTAL Third Quarter		**1,620**
Fourth Quarter		
Lenses & Optical Instruments		1,440
North America		*632*
Europe		*442*
Asia/Pacific/Middle East/Africa		*265*
Latin America		*101*
Sunglasses & Readers		185
Equipment		63
TOTAL Fourth Quarter		**1,688**

RISK FACTORS

Risk factors are similar to those presented in section 1.6 of the 2015 Registration Document (pages 26 to 30) and did not change significantly during the first half of 2016. Litigation risks are described in note 15 to the consolidated financial statements.

FIRST-HALF 2016 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

€ millions, excluding per share data	Notes	First semester 2016	First semester 2015	Year 2015
Revenue	3	3,583	3,408	6,716
Cost of sales		(1,448)	(1,367)	(2,704)
GROSS MARGIN		**2,135**	**2,041**	**4,012**
Research and development costs		(108)	(104)	(214)
Selling and distribution costs		(892)	(841)	(1,678)
Other operating expenses		(458)	(445)	(857)
CONTRIBUTION FROM OPERATIONS (*)		**677**	**651**	**1,263**
Other income from operations	5	9	10	18
Other expenses from operations	5	(40)	(47)	(98)
OPERATING PROFIT	**3**	**646**	**614**	**1,183**
Finance costs, net	6	(28)	(19)	(54)
Other financial income	7	-	9	5
Other financial expenses	7	(9)	(10)	(14)
Share of profits of associates		-	-	1
PROFIT BEFORE TAX		**609**	**594**	**1,121**
Income tax expense	8	(159)	(172)	(308)
NET PROFIT		**450**	**422**	**813**
Attributable to Group equity holders		**416**	**388**	**757**
Attributable to minority interests		34	34	56
Net profit attributable to Group equity holders per share (€)		1.95	1.83	3.57
Average number of shares (thousands)	9	213,817	212,067	212,226
Diluted net profit attributable to Group equity holders per share		1.91	1.79	3.50
Diluted average number of shares (thousands)		218,112	216,295	216,583

(*) The contribution from operations corresponds to revenue less the cost of sales and operating expenses (research and development costs, selling and distribution costs, and other operating expenses).

The attached notes are an integral part of the consolidated financial statements.

STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME

€ millions	First semester 2016			First semester 2015			Year 2015		
	Attributable to Group equity holders	**Attributable to minority interests**	**Total**	**Attributable to Group equity holders**	**Attributable to minority interests**	**Total**	**Attributable to Group equity holders**	**Attributable to minority interests**	**Total**
Net profit for the period (a)	**416**	**34**	**450**	**388**	**34**	**422**	**757**	**56**	**813**
Items of comprehensive income that will not be reclassified subsequently to profit or loss									
Actuarial gains and losses on pension and other post-employment benefit obligations	(48)	-	(48)	1	-	1	(10)	-	(10)
Tax on items that will not be reclassified subsequently	7	-	7	-	-	-	2	-	2
Items of comprehensive income that may be reclassified subsequently to profit or loss									
Cash flow hedges, effective portion	(5)	-	(5)	(1)	-	(1)	(2)	-	(2)
Increase (decrease) in fair value of long-term financial investments	-	-	-	-	-	-	(1)	-	(1)
Translation reserves	(7)	(6)	(13)	272	25	297	188	27	215
Tax on items that may be reclassified subsequently	1	-	1	-	-	-	1	-	1
Total income (expenses) for the period recognized directly in equity, net of tax (b)	**(52)**	**(6)**	**(58)**	**272**	**25**	**297**	**178**	**27**	**205**
				-	-	-	-	-	-
Total recognized income and expenses, net of tax (a) + (b)	**364**	**28**	**392**	**660**	**59**	**719**	**935**	**83**	**1,018**

The attached notes are an integral part of the consolidated financial statements.

CONSOLIDATED BALANCE SHEET (ASSETS)

€ millions	Notes	June 30, 2016	December 31, 2015
Goodwill	**10**	5,455	5,295
Other intangible assets		1,796	1,826
Property, plant and equipment		1,202	1,200
Investments in associates		5	5
Non-current financial assets		113	139
Deferred tax assets		172	169
Long-term receivables		34	24
Other non-current assets		43	41
TOTAL NON-CURRENT ASSETS		**8,820**	**8,699**
Inventories		1,126	1,099
Prepayments to suppliers		36	32
Short-term receivables		1,612	1,456
Tax receivables		38	60
Other receivables		26	34
Derivative financial instruments recognized in assets		59	64
Prepaid expenses		71	61
Cash and cash equivalents	**13**	461	466
CURRENT ASSETS		**3,429**	**3,272**
TOTAL ASSETS		**12,249**	**11,971**

The attached notes are an integral part of the consolidated financial statements.

CONSOLIDATED BALANCE SHEET (LIABILITIES)

€ millions	Notes	June 30, 2016	December 31, 2015
Share capital		39	39
Issue premiums		561	400
Consolidated reserves		5,031	4,504
Own shares		(286)	(286)
Hedging and revaluation reserves		(176)	(131)
Translation differences		417	424
Net profit attributable to Group equity holders		416	757
EQUITY ATTRIBUTABLE TO PARENT COMPANY OWNERS		**6,002**	**5,707**
Equity attributable to non-controlling interests		374	385
TOTAL CONSOLIDATED EQUITY		**6,376**	**6,092**
Provisions for pensions	**11**	350	295
Long-term borrowings	**13**	1,659	1,905
Deferred tax liabilities		401	422
Other non-current liabilities		307	404
NON-CURRENT LIABILITIES		**2,717**	**3,026**
Provisions	**12**	338	369
Short-term borrowings	**13**	1,012	674
Customer prepayments		36	31
Short-term payables		1,270	1,357
Tax payables		94	87
Other current liabilities		370	316
Derivative financial instruments recognized in liabilities		24	9
Deferred income		12	10
CURRENT LIABILITIES		**3,156**	**2,853**
TOTAL LIABILITIES		**12,249**	**11,971**

The attached notes are an integral part of the consolidated financial statements.

STATEMENT OF CHANGES IN EQUITY

- **First-half 2016**

€ millions	Share capital	Issue premiums	Revaluation reserves	Reserves	Translation difference	Treasury stock	Profit attributable to Group equity holders	**Equity attributable to parent company owners**	Equity attributable to non-controlling interests	**Total equity**
Equity at January 1, 2016	**39**	**400**	**(131)**	**4,504**	**424**	**(286)**	**757**	**5,707**	**385**	**6,092**
Capital increases (*)		158						158		158
Stock subscription options		3						3		3
Share-based payments				25				25		25
Allocation of profit				757			(757)			
Effect of changes in the scope of consolidation				(18)				(18)	(15)	(33)
Dividends paid				(237)				(237)	(24)	(261)
Transactions with shareholders		**161**		**527**			**(757)**	**(69)**	**(39)**	**(108)**
Income (expense) for the period recognized directly in equity			(45)					(45)		(45)
Net profit for the fiscal year							416	416	34	450
Translation differences and other					(7)			(7)	(6)	(13)
Total recognized income and expenses			**(45)**		**(7)**		**416**	**364**	**28**	**392**
Equity at June 30, 2016	**39**	**561**	**(176)**	**5,031**	**417**	**(286)**	**416**	**6,002**	**374**	**6,376**

(*)The Group has proposed a payment of the 2015 dividend to shareholders either in cash or in shares. If exercised, this option would allow shareholders to obtain new Essilor shares, in consideration for the amount due in respect of the dividend, at a preferential subscription price corresponding to 90% of the average of the opening prices quoted for Essilor’s shares on the Euronext regulated market in Paris over the 20 trading days preceding the Shareholders’ Meeting of May 11, 2016. This average is reduced by the amount of the dividend per share of €1.11. The Group has also created 1,578,804 new shares.

The attached notes are an integral part of the consolidated financial statements.

♦ First-half 2015

€ millions	Share capital	Issue premiums	Revaluation reserves	Reserves	Translation difference	Treasury stock	Profit attributable to Group equity holders	**Equity attributable to parent company owners**	Equity attributable to non-controlling interests	**Total equity**
Total equity at January 1, 2015	**39**	**360**	**(121)**	**3,758**	**236**	**(286)**	**929**	**4,915**	**345**	**5,260**
Stock subscription options		11						11		11
Capital increases subscribed by minority interests									3	3
Share-based payments				20				20		20
Allocation of profit				929			(929)			
Effect of changes in the scope of consolidation				(7)				(7)	(10)	(17)
Dividends paid				(216)				(216)	(25)	(241)
Transactions with shareholders		**11**		**726**			**(929)**	**(192)**	**(32)**	**(224)**
Income (expense) for the period recognized directly in equity										
Net profit for the fiscal year							388	388	34	422
Translation differences and other					272			272	25	297
Total recognized income and expenses					**272**		**388**	**660**	**59**	**719**
Equity at June 30, 2015	**39**	**371**	**(121)**	**4,484**	**508**	**(286)**	**388**	**5,383**	**372**	**5,755**

The attached notes are an integral part of the consolidated financial statements.

♦ **Full-year 2015**

€ millions	Share capital	Issue premiums	Revaluation reserves	Reserves	Translation difference	Treasury stock	Profit attributable to Group equity holders	**Equity attributable to parent company owners**	Equity attributable to non-controlling interests	**Total equity**
Equity at January 1, 2015	**39**	**360**	**(121)**	**3,758**	**236**	**(286)**	**929**	**4,915**	**345**	**5,260**
Employee share issues		25						25		25
Stock subscription options		15						15		15
Capital increases subscribed by minority interests									6	6
Share-based payments				41				41		41
Allocation of profit				929			(929)			
Effect of changes in the scope of consolidation				(8)				(8)	(14)	(22)
Dividends paid				(216)				(216)	(35)	(251)
Transactions with shareholders		**40**		**746**			**(929)**	**(143)**	**(43)**	**(186)**
Income (expense) for the period recognized directly in equity			(10)					(10)		(10)
Net profit for the fiscal year							757	757	56	813
Translation differences and other					188			188	27	215
Total recognized income and expenses			**(10)**		**188**		**757**	**935**	**83**	**1,018**
Equity at December 31, 2015	**39**	**400**	**(131)**	**4,504**	**424**	**(286)**	**757**	**5,707**	**385**	**6,092**

The attached notes are an integral part of the consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

€ millions		First semester 2016	First semester 2015	Year 2015
CONSOLIDATED NET PROFIT	(a)	**450**	**422**	**813**
Share of profits of associates, net of dividends received		-	-	(1)
Depreciation, amortization and other non-cash items		205	164	380
Profit before amortization and depreciation and associates		**655**	**586**	**1,192**
Provision charges (reversals)		(49)	1	(8)
Gains and losses on asset disposals, net		(8)	2	(1)
Cash flow after tax and finance costs, net		**598**	**589**	**1,183**
Finance costs, net	(a)	29	19	54
Tax expenses (including deferred taxes)	(a)	159	172	308
Cash flow before tax and finance costs, net		**786**	**780**	**1,545**
Taxes paid		(124)	(142)	(265)
Interest (paid) and received, net		(37)	(21)	(35)
Change in working capital requirement		(233)	(213)	(51)
NET CASH FROM OPERATING ACTIVITIES		**392**	**404**	**1,194**
Purchases of property, plant and equipment and intangible assets		(145)	(178)	(327)
Acquisitions of subsidiaries, net of the cash acquired		(288)	(283)	(765)
Purchases of non-consolidated securities		(1)	(1)	(15)
Change in other non-financial assets		(2)	(1)	(13)
Proceeds from the sale of other financial assets, property, plant and equipment and intangible assets		17	1	7
NET CASH USED IN INVESTING ACTIVITIES		**(419)**	**(462)**	**(1,113)**
Capital increase	(b)	161	14	46
Dividends paid:				
- to ESSILOR shareholders	(b)	(237)	(216)	(216)
- to minority shareholders of the consolidated subsidiaries	(b)	(24)	(25)	(35)
Bond issues	13	-	-	300
Increase/(Decrease) in borrowings other than finance lease liabilities	13	135	202	(345)
Repayment of finance lease liabilities		(1)	(2)	(2)
NET CASH USED IN FINANCING ACTIVITIES		**34**	**(27)**	**(252)**
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		**7**	**(85)**	**(171)**
Net cash and cash equivalents at January 1		431	598	598
Effect of changes in exchange rates		(2)	15	4
NET CASH AND CASH EQUIVALENTS AT PERIOD-END		**436**	**528**	**431**
Cash and cash equivalents	13	461	563	466
Bank credit facilities	13	(25)	(35)	(35)

[a] See income statement

[b] See statement of changes in equity

The attached notes are an integral part of the consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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NOTE 1. ACCOUNTING PRINCIPLES

1.1. GENERAL

Essilor International (Compagnie Générale d'Optique) is a *société anonyme* (public limited company) with a Board of Directors and is governed by the laws of France. Its registered office is located at 147, rue de Paris, 94220 Charenton-le-Pont, France. The Company's main business activities consist in designing, manufacturing and selling ophthalmic lenses and ophthalmic optical instruments.

The condensed consolidated financial statements for the six months ended June 30, 2016 have been prepared in accordance with IAS34-Interim Financial Reporting. They do not include all the information required in the annual financial statements and should be read in conjunction with the Group's annual financial statements as at 31 December 2015. They were approved by the Board of Directors on July 28, 2016.

The Group's reporting currency is the euro. All amounts are expressed in millions of euros, unless otherwise specified.

1.2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

In accordance with European Regulation No 1606/2002 of July 19, 2002, the Essilor Group has applied, since January 1st, 2005, all international accounting standards including IFRS (International Financial Reporting Standards), IAS (International Accounting Standards), and their interpretations since January 1st, 2005, as approved in the European Union, with mandatory application as at June 30, 2016. These international accounting standards can be accessed on the European Commission website [1].

[1] http://ec.europa.eu/finance/company-reporting/index_en.htm

1.3. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

The accounting methods applied are the same as those used in the annual financial statements as at December 31, 2015, except for the adoption of new standards, amendments and interpretations effective as of January 1st, 2016 described below:

- Amendments to IAS 1 – Disclosure Initiative;
- Amendments to IAS 16 and IAS 38 – Clarification of Acceptable Methods of Depreciation and Amortization;
- Amendment to IAS 19 – Defined Benefit Plans: Employee Contributions;
- Amendment to IFRS 11 – Accounting for Acquisitions of Interests in Joint Operations.

They have no material impact on the Group's financial statements:

Furthermore, the Group has not opted for early application of the standards, amendments or interpretations whose application is not mandatory on or after January 1st, 2016:

- IFRS 9 – Financial Instruments, mandatory applicable as from January 1st, 2018 by the IASB;
- IFRS 14 – Regulatory Deferral Accounts;
- IFRS 15 – Revenue from Contracts with Customers, mandatory applicable as from January 1st, 2018 by the IASB;
- IFRS 16 – Contract leases, mandatory applicable as from January 1st, 2019 by the IASB;;
- Amendments to IAS7 – Disclosure initiative, mandatory applicable as from January 1st, 2017 by the IASB;
- Amendments to IAS 12 – Recognition of deferred tax assets for unrealized losses, mandatory applicable as from January 1st, 2017 by the IASB;
- Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.

The impact of these standards on the consolidated financial statements is currently being assessed by the Group.

1.4. USE OF ESTIMATES

The preparation of financial statements requires Management's use of estimates and assumptions that may affect the reported amounts of assets, liabilities, income and expenses in the financial statements, as well as the disclosures in the notes concerning contingent assets and liabilities on the balance sheet date. The most significant estimates and assumptions concern, in particular:

- the recoverable amount of goodwill;
- fair values in relation to business combinations and put options granted to minority shareholders;
- risk assessment to determine the amount of provisions;
- measurement of pension and other post-employment benefit obligations.

The final amounts may differ from these estimates.

The Company is subject to income tax in many jurisdictions with different tax rules and the determination of global income tax expense is based on estimates and assumptions that reflect the information available when the financial statements are prepared.

First-half income tax expense recognized in the consolidated income statement is determined based on an estimate of the effective tax rate that will be paid by the Company on annual profit, in accordance with IAS 34 – Interim Financial Reporting.

1.5. FINANCIAL STATEMENTS PRESENTATION

Some reclassifications related to the presentation of comparative figures could have been done in order to be compliant with the presentation of the current period or to IFRS standards.

1.6. SEGMENT INFORMATION

Since the adoption of IFRS 8 with effect from January 1st, 2009, the Group's segment information is presented in accordance with the information provided internally to management for the purpose of managing operations, making decisions and analyzing operational performance.

Such information is prepared in accordance with the IFRS used by the Group in its consolidated financial statements.

The Group has three operating segments: Lenses & Optical Instruments, Equipment, and Sunglasses & Readers.

The Lenses & Optical Instruments business segment comprises the production, prescription, distribution and trading of lenses and the sale of small equipment used by opticians and relating to the sale of lenses. The end customers for this business segment are eye-care professionals (opticians and optometrists).

The Lenses & Optical Instruments business chain is designed as a complete network with multiple interactions. The segment has a global network of plants, prescription laboratories, edging facilities and distribution centers serving eye care professionals throughout the world. This network is managed centrally, along with the Group's research and development, marketing, intellectual property and engineering functions.

The Equipment business segment comprises the production, distribution and sale of high capacity equipment, such as digital surfacing machines and lens coating machines, used in manufacturing plants and prescription laboratories for finishing operations on semi-finished lenses. The end customers for this business segment are optical lens manufacturers.

The Sunglasses & Readers business segment comprises the production, distribution and sale of both non-prescription sunglasses and non-prescription reading glasses. The end customers for this segment are retailers who sell non-prescription reading glasses to consumers.

NOTE 2. EXCHANGE RATES AND SCOPE OF CONSOLIDATION

2.1. EXCHANGE RATES OF THE MAIN FUNCTIONAL CURRENCIES

	Closing rate			Average rate		
For €1	June 2016	June 2015	December 2015	June 2016	June 2015	December 2015
Canadian dollar	1.44	1.38	1.51	1.48	1.38	1.42
British pound	0.83	0.71	0.73	0.78	0.73	0.73
Yuan	7.38	6.94	7.06	7.30	6.94	6.97
Yen	114.05	137.01	131.07	124.41	134.20	134.31
Indian rupee	74.96	71.19	72.02	75.00	70.12	71.20
Brazilian real	3.59	3.47	4.31	4.13	3.31	3.70
US dollar	1.11	1.12	1.09	1.12	1.12	1.11

2.2. CHANGES IN THE SCOPE OF CONSOLIDATION

The consolidated financial statements include the financial statements of holding companies, asset management companies and entities meeting one of the following two criteria:

- annual revenue in excess of €1 million;
- or property, plant and equipment in excess of €9 million.

Entities that do not fulfill these criteria may also be consolidated if their consolidation has a material impact on the Group's financial statements.

Newly consolidated companies:

The following companies were consolidated for the first time in first-half 2016:

Name	Country	Consolidated from	Consolidation method	% interest	% consolidated
Optical Services Thailand (*)	Thailand	October 28, 2015	Full	50	100
Jai Kudo (*)	Poland	November 24, 2015	Full	51	100
eOtica (*)	Brazil	December 11, 2015	Full	85	100
Essilor Cecop Platform (*)	Spain	December 23, 2015	Full	50	100
Prime 12/21 (*)	Brazil	December 24, 2015	Full	75	100
RX (*)	Brazil	December 30, 2015	Full	70	100
Essilor Technology & Service Center	Switzerland	January 1, 2016	Full	100	100
SIVO RD Congo	Dem. Rep. of the Congo	January 1, 2016	Full	50	100
Essilor East Africa (**)	Kenya	January 1, 2016	Full	51	100
Summer Vision	Brazil	January 20, 2016	Full	49	100
Digital-Lab	Brazil	January 20, 2016	Full	42	100
Opticas Place Vendôme	Chile	January 20, 2016	Full	100	100
Icare Industries	United States	February 1, 2016	Full	80	100
Vision Direct	United Kingdom	February 23, 2016	Full	100	100
Damar Optical	South Africa	March 1, 2016	Full	65	100
KDC Optical	South Africa	March 1, 2016	Full	65	100
Lens Savers Laboratory	South Africa	March 1, 2016	Full	65	100
One Vision	South Africa	March 1, 2016	Full	65	100
Axis Medical Canada	Canada	March 1, 2016	Full	51	100
Ocutec	Peru	March 1, 2016	Full	51	100
Opti-Port	United States	April 1, 2016	Full	80	100
EyeHome Network	United States	May 1, 2016	Full	80	100

(*) Companies acquired by the end of the 2015 fiscal year and integrated in the financial statements in 2016.

(**) Company acquired in previous years and consolidated for the first time during the 2016 fiscal year, because consolidation criteria are met.

The income statement also includes the changes in the scope of consolidation related to the following companies, which were consolidated for the first time in 2015:

Name	Country	Consolidated from	Consolidation method	% interest	% consolidated
Three Hundred Ltd (Fabris Lane)	United Kingdom	February 26, 2015	Full	100	100
Segment	Brazil	March 2, 2015	Full	52	100
Optimax	Korea	April 1, 2015	Full	50	100
Optica Industrial SA	Costa Rica	April 20, 2015	Full	80	100
Optisa Retail	Costa Rica	April 20, 2015	Full	80	100
Optisa Holding	Costa Rica	April 20, 2015	Full	80	100
Vision Nicaragua	Nicaragua	April 20, 2015	Full	80	100
Diopsa	Nicaragua	April 20, 2015	Full	80	100
Shamir OHS	Australia	June 30, 2015	Full	40	100
Optikos	Poland	July 1, 2015	Full	95	100
Coastal Vision	China	July 1, 2015	Full	100	100
GKB Vision Ltd.	India	July 1, 2015	Full	54	100
Prime Lenses Pte Ltd.	India	July 1, 2015	Full	59	100
Merve	Turkey	July 1, 2015	Full	65	100
Rozin	USA	August 17, 2015	Full	51	100
Vision Source	USA	September 9, 2015	Full	100	100
PERC	USA	October 22, 2015	Full	80	100
e-lens	Brazil	October 26, 2015	Full	70	100
Nikon Optical Middle-East	Koweit	October 26, 2015	Full	26	100
Optic Club	Russia	December 3, 2015	Full	75	100

Other movements

The Group's holding in the following companies was changed following the exercise of the partners' put options, internal sales within the Group or transactions with third parties:

- YTT Holding, Grown, Styll from 51% to 100% on February 29, 2016
- Infield Safety from 60% to 100% on March 18, 2016
- Bazell Inc. from 70% to 100% on March 24, 2016
- JZO from 98% to 100% on May 20, 2016
- Signet Armorlite Colombia from 96% to 100% on June 1, 2016
- Essilor Amico Middle East fzco, Essilor Amico LLC and Essilor Amico Trading Co from 50% to 100%, Essilor Amico Qatar from 49% to 100% and Ghanada Optical Co LLC from 40% to 80% on June 13, 2016.

2.3. IMPACT OF CHANGES IN THE SCOPE OF CONSOLIDATION AND EXCHANGE RATES

Balance sheet

The impact of changes in the scope of consolidation during the first half of 2016 on the consolidated balance sheet is analyzed below:

€ millions	**Fair value**
Intangible assets	58
Property, plant and equipment	10
Current assets	20
Cash	9
Total assets acquired at fair value	**97**
Equity attributable to non-controlling interests	2
Long-term borrowings	2
Other non-current liabilities	8
Short-term liabilities	1
Other current liabilities	25
Total liabilities assumed at fair value	**38**
Net assets acquired (1)	**59**
Acquisition cost	212
Fair value of net assets acquired (1)	59
Recognized goodwill	**153**

(1) Or consolidated during the period.

The amount recognized as goodwill is supported by the expected synergies and growth outlook of the acquired companies within the Group.

The fair value used for the assets and liabilities of acquisitions for the period is temporary and may be reviewed at a later date, after a final expert assessment or additional analysis. Any discrepancies resulting from the final valuation shall be recognized as a retrospective adjustment to goodwill if they occur within twelve months following the acquisition date.

Income statement

The methods for determining the impact of changes in the scope of consolidation and exchange rates on the income statement are explained below.

The apparent change in performance indicators (revenues and contribution from operations) results from the breakdown of this change between the impact of the Group's acquisitions (scope of consolidation impact), the impact of currency fluctuations (foreign exchange impact) and the impact of the change in its intrinsic operations, or like-for-like growth.

With respect to the impact of changes in the scope of consolidation:

- impacts of changes in the scope of consolidation arising from acquisitions during the year consist of the subsidiaries' income statements, from their consolidation date, until June 30th of the current fiscal year;
- impacts of changes in the scope of consolidation for companies acquired during the prior year consist of the subsidiaries' income statements for the year, since January 1st of the current fiscal year until the anniversary date of their initial consolidation;
- divested companies do not impact the change in the scope of consolidation since no subsidiaries were sold by the Group;
- major strategic acquisitions, i.e., those that represent highly significant amounts or correspond to a new area of business, are distinguished from "organic" acquisitions related to lower-value acquisitions within the Group's core businesses (prescription laboratories or plants).

With respect to the impacts of changes in exchange rates:

- this is determined on a subsidiary-by-subsidiary basis by applying the average conversion rate from the previous year to the income statements for the current year for subsidiaries using currencies other than the euro, restated for scope of consolidation impacts as above, and by calculating the change in this value relative to the income statement of the previous year for each subsidiary;
- consequently, this is not a currency effect but the effect of converting the financial statements of subsidiaries.

Like-for-like growth is determined as the residual difference in apparent growth, less the impact of changes in the scope of consolidation and the impact of changes in exchange rates. Organic growth is growth on a like-for-like consolidation and exchange rate basis.

The overall effect of changes in the scope of consolidation and exchange rates on revenue and the contribution from operations was as follows:

As a %	**Reported growth**	Currency effect	Change in the scope of consolidation of bolt-on acquisitions	**Like-for-like growth**
Revenue	**5.1**	-3.0	4.0	**4.1**
Contribution from operations	**4.0**	-1.7	1.8	**3.9**

If the companies consolidated during the year (see Note 2.2 "Newly consolidated companies") were consolidated at January 1st, 2016, the Group's 2016 revenues would have been estimated at €3,597 million and the Group's 2016 net profit at €417 million.

NOTE 3. SEGMENT INFORMATION

♦ **First-half 2016**

€ millions	Lenses and Optical Instruments	Equipment	Sunglasses & Readers	Eliminations	GROUP TOTAL
External revenue	3,129	94	360	-	3,583
Intra-segment revenue	5	36	3	(44)	-
Total revenue	**3,134**	**130**	**363**	**(44)**	**3,583**
Contribution from operations	**623**	**17**	**37**	-	**677**
Operating profit					646
Finance costs, net					(28)
Other financial income					-
Other financial expenses					(9)
Share of profits of associates					-
Income tax					(159)
Net profit					450
Segment assets (1)	**9,093**	**471**	**1,697**		**11,261**
Non-segment assets					988
Total assets					12,249
Segment liabilities (2)	**1,161**	**36**	**109**		**1,306**
Non-segment liabilities					4,567
Equity					6,376
Total liabilities					12,249
Acquisitions of property, plant and equipment & intangible assets	109	4	32		145
Amortization, depreciation and impairment of property, plant and equipment and intangible assets	(151)	(5)	(35)		(191)

(1) Segment assets include goodwill, other intangible assets, property, plant and equipment, long-term receivables, inventories and works-in-progress, prepayments to suppliers and short-term receivables.

(2) Segment liabilities include customer prepayments and short-term payables.

♦ First-half 2015

€ millions	Lenses and Optical Instruments	Equipment	Sunglasses & Readers	Eliminations	GROUP TOTAL
External revenue	2,954	92	362	-	3,408
Intra-segment revenue	6	35	1	(42)	-
Total revenue	**2,960**	**127**	**363**	**(42)**	**3,408**
Contribution from operations	**587**	**10**	**54**	-	**651**
Operating profit					614
Finance costs, net					(19)
Other financial income					328
Other financial expenses					(329)
Share of profits of associates					-
Income tax					(172)
Net profit					422
Segment assets (1)	**8,415**	**492**	**1,644**		10,551
Non-segment assets					1,083
Total assets					11,634
Segment liabilities (2)	**1,156**	**34**	**100**		1,290
Non-segment liabilities					4,589
Equity					5,755
Total liabilities					11,634
Acquisitions of property, plant and equipment & intangible assets	110	2	66		178
Amortization, depreciation and impairment of property, plant and equipment and intangible assets	(148)	(6)	(36)		(190)

(1) Segment assets include goodwill, other intangible assets, property, plant and equipment, long-term receivables, inventories and works-in-progress, prepayments to suppliers and short-term receivables.
(2) Segment liabilities include customer prepayments and short-term payables.

♦ Fiscal year 2015

€ millions	Lenses and Optical Instruments	Equipment	Sunglasses & Readers	Eliminations	GROUP TOTAL
External revenue	5,840	203	673	-	6,716
Intra-segment revenue	13	69	2	(84)	-
Total revenue	**5,853**	**272**	**675**	**(84)**	**6,716**
Contribution from operations	**1,148**	**29**	**86**	-	**1,263**
Operating profit					1,183
Finance costs, net					(54)
Other financial income					5
Other financial expenses					(14)
Share of profits of associates					1
Income tax					(308)
Net profit					813
Segment assets (1)	**8,774**	**475**	**1,683**		10,932
Non-segment assets					1,039
Total assets					11,971
Segment liabilities (2)	**1,223**	**36**	**129**		1,388
Non-segment liabilities					4,491
Equity					6,092
Total liabilities					11,971
Acquisitions of property, plant and equipment & intangible assets	230	6	91		327
Amortization, depreciation and impairment of property, plant and equipment and intangible assets	(307)	(11)	(82)		(400)

(1) Segment assets include goodwill, other intangible assets, property, plant and equipment, long-term receivables, inventories and works-in-progress, prepayments to suppliers and short-term receivables.
(2) Segment liabilities include customer prepayments and short-term payables.

The Group's top 20 customers accounted for 19.4% of its revenue in first-half 2016, and 19.9% in full year 2015.

No single customer accounts for more than 10% of the Group's revenue.

NOTE 4. EBITDA

EBITDA (Earnings Before Interests, Taxes, Depreciation & Amortization) is a metric defined as the contribution from operations before depreciation and amortization of property, plant and equipment and intangible assets and amortization of inventory revaluations generated by acquisitions.

EBITDA for the first half of 2016 came out at €866 million, compared with €835 million in the first half of 2015 and € 1,647 million in full-year 2015.

NOTE 5. OTHER OPERATING INCOME AND EXPENSES

€ millions	First semester 2016	First semester 2015	Year 2015
Other	9	10	18
Other income from operations	**9**	**10**	**18**
Restructuring costs	(14)	(9)	(22)
Compensation costs on share-based payments	(25)	(20)	(49)
Other	(1)	(18)	(27)
Other expenses from operations	**(40)**	**(47)**	**(98)**

Restructuring costs are, for the most part, related to the streamlining of a number of production sites located primarily in Europe and North America.

NOTE 6. COST OF NET DEBT

€ millions	First semester 2016	First semester 2015	Year 2015
Cost of gross debt	(36)	(28)	(71)
Income from cash and cash equivalents	8	9	17
Cost of net debt	**(28)**	**(19)**	**(54)**

NOTE 7. OTHER FINANCIAL INCOME AND EXPENSES

€ millions	First semester 2016	First semester 2015	Year 2015
Foreign exchange gains	-	8	5
Other	-	1	-
Other financial income	**-**	**9**	**5**
Foreign exchange losses	(2)	-	-
Accretion of discount on liabilities charges	(6)	(7)	(12)
Provisions for non-consolidated securities	-	(3)	(2)
Other	(1)	-	-
Other financial expenses	**(9)**	**(10)**	**(14)**

NOTE 8. INCOME TAX

Income tax expense amounted to €159 million for first half of 2016, compared with €172 million for first half of 2015, corresponding to an effective rate of 26% versus 29% for the same prior-year period.

NOTE 9. CHANGE IN THE NUMBER OF SHARES

The shares have a par value of €0.18.

- **Change in the actual number of shares, excluding treasury stock**

	First semester 2016	First semester 2015	Year 2015
Number of shares at January 1	**213,596,342**	**211,932,607**	**211,932,607**
Exercise of stock subscription options	61,285	240,289	306,855
Subscription of the Essilor Group FCP mutual fund	-	-	257,057
Delivery of performance shares	2,010	1,695	1,099,823
Capital increase	1,578,804	-	-
Number of shares at period-end	**215,238,441**	**212,174,591**	**213,596,342**
Number of treasury shares eliminated	2,858,088	3,959,226	2,860,098

- **Change in the weighted average number of shares, excluding treasury stock**

	First semester 2016	First semester 2015	Year 2015
Number of shares at January 1	**213,596,342**	**211,932,607**	**211,932,607**
Exercise of stock subscription options	29,278	133,396	198,496
Subscription of the Essilor Group FCP mutual fund	-	-	8,451
Sales of treasury shares held for performance share grants	691	758	87,278
Capital increase	190,844	-	-
Average number of shares at period-end	**213,817,155**	**212,066,761**	**212,226,832**

NOTE 10. GOODWILL

€ millions	December 31, 2015	Business combination	Other changes in scope and other movements	Translation difference	Provisions for impairment	June 30, 2016
Gross amount	5,332	153	12	(6)	-	5,491
Impairment	(37)	-	-	1	-	(36)
Net amount	**5,295**	**153**	**12**	**(5)**	**-**	**5,455**

The main increases in goodwill at June 30, 2016 are chiefly attributable to the acquisition of Vision Direct (United Kingdom) and Opticas Place Vendôme (Chile).

Goodwill for companies acquired during the year is based on the provisional accounting for the business combination and may be adjusted during the 12-month period following the acquisition date.

The carrying amount of goodwill breaks down as follows by group of CGUs:

€ millions	**June 30, 2016**	**December 31, 2015**
Lenses – Europe	747	700
Lenses – North America	2,151	2,147
Lenses – South America	558	434
Lenses – Asia, Oceania, Middle East, Africa	921	927
Laboratory equipment	297	297
Sunglasses & Readers	781	790
Total	**5,455**	**5,295**

NOTE 11. PENSION AND OTHER POST-RETIREMENT BENEFIT OBLIGATIONS

The Group's pension and other post-retirement benefit obligations mainly concern:

- supplementary pension plans in France, Germany, the United Kingdom, and the United States;
- retirement benefits granted to employees in France and other European countries;
- other long-term benefits (length-of-service awards in France and their equivalent in other countries).

Net pension and other post-employment benefit obligations recognized in the balance sheet amounted to €350 million at June 30, 2016 and €294 million at December 31, 2015.

Provisions for pensions and other post-employment benefit obligations

€ millions	June 30, 2016	December 31, 2015
Non-current assets (plan surpluses)	-	1
Provisions for pensions in liabilities	350	295

Variation of actuarial gains and losses

Actuarial gains and losses generated for the half-year ended 30 June 2016 have been recognised directly in equity for an amount of €(48) million.

Main actuarial assumptions used to estimate commitments in the main countries concerned

A major assumption taken into account in the valuation of pension and other post-employment benefit obligations is the discount rate.

In accordance with IAS 19, the rates were determined by monetary zone by referring to the return on high-quality private bonds with a maturity equal to the term of the plans or the return on government bonds when the private market has insufficient liquidity.

The main rates used by the Group are as follows:

As a %	June 30, 2016			December 31, 2015		
	Eurozone	United States	United Kingdom	Eurozone	United States	United Kingdom
Discount rate	1.10	3.60	2.80	2.15	4.50	3.70
Inflation rate	1.80	3.50	3.30	1.80	3.50	3.50

Expenses for the year

Income (expenses) *€ millions*	First semester 2016	First semester 2015	Year 2015
Cost of services rendered in the period	(12)	(12)	(21)
Interest expense on discounting	(3)	(3)	(6)
Cost of past services	-	-	1
Expenses for the year	**(15)**	**(15)**	**(26)**

NOTE 12. PROVISIONS

€ millions	December 31, 2015	Provisions for the period	Utilisation during the period	Reversals not applicable	Translation differences and other movements	Scope	June 30, 2016
Restructuring provisions (1)	14	10	(5)	-	(1)	-	18
Warranty provisions	41	4	(3)	-	1	-	43
Provisions for legal claims (2)	107	3	(67)	-	1	-	44
Tax reserves	148	13	-	(1)	(2)	12	170
Other risks	59	7	(1)	(3)	(2)	3	63
Total	**369**	**37**	**(76)**	**(4)**	**(3)**	**15**	**338**

(1) Restructuring provisions were, for the most part, related to the streamlining of a number of production sites located primarily in Europe and in North America.
(2) The change of provisions for legal claims relates mainly to the reversal of provisions related to alleged anti-competitive practices in Germany as the due amounts were paid in early 2016 (see Note 15).

NOTE 13. NET DEBT AND BORROWINGS

Net debt

The Group's net debt can be analyzed as follows:

€ millions [(a)]	June 2016	December 2015
Long-term borrowings	1,659	1,905
Short-term borrowings	978	621
Short-term bank loans and overdrafts	25	35
Accrued interest	9	18
Total liabilities	**2,671**	**2,579**
Cash and cash equivalents [(b)]	(461)	(466)
Total assets	**(461)**	**(466)**
Interest rate swaps [(c)]	(38)	(24)
Net debt	**2,172**	**2,089**

(a) Sign convention: + debt /- excess cash or securities
(b) The Group is located in some countries where cash & cash equivalents are subject to legal restrictions. The respect of preliminary formalities in these countries is mandatory before transfering these funds with some delay and possibly some tax payment. Cash & cash equivalents can also be held by some subsidiaries where the initial approval of our partner is required to transfer any funds.
(c) Interest rate swap measured at fair value at each period end

Long-term borrowings

At June 30, 2016, the Group's long-term funding structure was as follows:

€ millions	June 30, 2016	December 31, 2015	Issue date	Maturity
Bonds	1,139	1,124	2014/2015	2017/2024
US private placement (1 tranche)	90	276	2012	2019
US private placement (7 tranches)	383	459	2013	2017/2023
Other	47	46		
Long-term borrowings	**1,659**	**1,905**		

Essilor International renewed its EMTN program in March 2016.

Private investments are subject to a financial covenant, which was respected as at June 30, 2016.

Short-term borrowings

At June 30, 2016, the Group's short-term funding structure was as follows:

€ millions	June 30, 2016	December 31, 2015	Issue date	Maturity
French commercial paper	100	100	2015	2016
US commercial paper (USCP)	549	402	2015	2017
US private placement (1 tranche)	248	-	2012	2017
Bank overdraft	25	35		
Other	90	137		
Short-term borrowings	**1,012**	**674**		

NOTE 14. OFF-BALANCE-SHEET COMMITMENTS

Off-balance sheet commitments are shown in Note 25 to the annual 2015 consolidated financial statements.

There were no material changes in the amount or nature of off-balance sheet commitments between December 31, 2015 and June 30, 2016.

NOTE 15. CONTINGENT LIABILITIES

The accounting methods used to calculate provisions for contingencies are explained in section 3.4 of the 2015 Registration Document and in Note 1.32 to the consolidated financial statements. Details of other income and expenses from operations are provided in Note 5 above and provision movements for the period are presented in Note 12.

The main claims and litigation are as follows:

Alleged anti-competitive practices:

Germany

In late 2008, the German competition authority, the Bundeskartellamt ("BKA"), launched an investigation into possible breaches of German competition law by major players in the ophthalmic optics market, including two of our German subsidiaries, Essilor GmbH and Rupp & Hubrach Optik GmbH.

Following this investigation, on June 10, 2010, the BKA sent formal notification of fines to the major ophthalmic optics companies in Germany. The Group's two subsidiaries are part of this notification.

Essilor GmbH and Rupp & Hubrach Optik GmbH contest BKA's findings and lodged an appeal against the BKA's decisions.

Our two subsidiaries have decided to withdraw their appeal to avoid long and costly proceedings further to ending of all settlement discussions. Accordingly the BKA's decision is final and the amounts due were entirely paid in 2016.

France

In July 2014, the French competition authority's inspection department made unannounced visits to selected Group subsidiaries in France and other actors in the ophthalmic lens market related to the online sale of ophthalmic lenses. The Group appealed against the seizure order, but the appeal was dismissed. The Group lodged an appeal with the Supreme Court. Meanwhile, the Authority carries on its investigation.

Group actions

Following the settlement of charges brought by the Federal Trade Commission after an investigation into Transitions Optical Inc.'s business practices in 2009, around twenty motions for authorization to bring class actions were filed in late March 2010 against Transitions Optical Inc., Essilor International, Essilor of America, and Essilor Laboratories of America before US and Canadian courts. The plaintiffs in these motions are alleging that the companies concerned endeavored jointly to monopolize the market for the development, manufacture, and sale of photochromic lenses between 1999 and March 2010. A settlement was agreed in 2014, bringing these class actions to a close, and leaving only the action by VisionEase with respect to Transitions Optical pending. On July 1st, 2016, the court rejected part of Vision Ease's requests, and allowed trial on another part.

Intellectual property

Hoya filed a court claim in Tokyo, Japan on July 24, 2013, alleging that the sale of products by Nikon-Essilor fell within the scope of a patent originally registered by Seiko and sold to Hoya on March 15, 2013. Hoya's claim covers Nikon-Essilor sales for the period from March to July 2013.

In 2014, Nikon-Essilor filed a motion with the Tokyo court and the Japanese patent office to seek the invalidation of the patent.

On July 13, 2016, Tokyo District Court invalidated the patents and dismissed Hoya's claim (Hoya may appeal this decision). The Japanese patent office hasn't reach a decision yet.

In the meantime, the Group was informed that Hoya has filed a lawsuit, in the beginning of July, 2016, before a federal district court in Virginia, United States, alleging that the sale of certain products by Essilor infringed its patents.

Other pending legal proceedings of which the Group is aware are currently not likely to have a material impact on the financial situation or the profitability of the Group.

Inquiry

During the first half of 2016, the US federal government (Department of Justice) requested information concerning various promotional programs of Essilor of America. Essilor of America collaborates with the authorities in connection herewith.

Tax disputes

Due to its presence in numerous countries, the Group is subject to various national tax regulations. Any failure to observe these regulations may result in tax adjustments and the payment of fines and penalties.

NOTE 16. RELATED PARTY TRANSACTIONS

The Company has identified the following related parties:

- Associates and joint ventures;

- Senior executives.

Other related party transactions

There were no material changes in other related party transactions during the first half of 2016.

NOTE 17. SUBSEQUENT EVENTS

In the United States, Essilor of America has acquired a majority stake in US Optical LLC, a New York-based wholesale optical laboratory focused on quality and speed of delivery, with around USD 35 million in annual revenue. This partnership will help to complement Essilor's U.S. offerings and broaden the distribution of Varilux® lenses and other value-added products.

Statement by the Person Responsible for the 2016 Interim Financial Report

I declare that, to the best of my knowledge, (i) the financial statements for the first six months of 2016 have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets and liabilities, financial position and results of Essilor International and the consolidated companies, and (ii) the accompanying interim management report includes a fair review of significant events of the past six months, their impact on the interim financial statements and the main related party transactions for the period, as well as a description of the main risks and uncertainties in the second half of the year.

Charenton-le-Pont, France, July 29, 2016

Hubert Sagnières
Chairman and Chief Executive Officer

STATUTORY AUDITORS' REVIEW REPORT ON THE 2016 HALF-YEAR FINANCIAL STATEMENTS

(PERIOD FROM JANUARY 1, 2016 TO JUNE 30, 2016)

This is a free translation into English of the statutory auditors' review report on the 2016 half-year financial statements issued in the French language and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with French law and professional auditing standards applicable in France.

PricewaterhouseCoopers Audit
63 rue de Villiers
92208 Neuilly-sur-Seine Cedex

Mazars
61, rue Henri Régnault
92400 Courbevoie

Statutory auditors' review report on the 2016 half-year financial statements

(Period from January 1, 2016 to June 30, 2016)

This is a free translation into English of the statutory auditors' review report on the 2016 half-year financial statements issued in the French language and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with French law and professional auditing standards applicable in France.

To the shareholders
ESSILOR INTERNATIONAL
147, rue de Paris
94220 CHARENTON LE PONT

In accordance with our appointment as statutory auditors by the General Shareholders' Meeting, and in application of article L.451-1-2 III of the French monetary and financial code, we hereby report to you on:

- the review of the accompanying condensed half-year consolidated financial statements of ESSILOR INTERNATIONAL, for the period from January 1,2016 to June 30, 2016;

- the verification of the information contained in the half-year management report.

These condensed half-year consolidated financial statements were prepared under the responsibility of your Board of Directors. Our role is to express a conclusion on these financial statements, based on our review.

I - Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France.

A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters and applying analytical and other review procedures. These procedures are less in scope that those required for an audit conducted in accordance with professional standards applicable in France. Consequently, a review does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the condensed half-year consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34, the IFRS standard as adopted by the European Union applicable to interim financial information.

II – Specific verification

We have also verified the information presented in the half-year management report on the condensed half-year consolidated financial statements that were the subject of our review. We have no matters to report with respect to its fair presentation and consistency with the condensed half-year consolidated financial statements.

Neuilly-sur-Seine and Courbevoie, July 28, 2016

The statutory auditors

French original signed by

PricewaterhouseCoopers Audit		Mazars	
Olivier Lotz	Cédric Le Gal	Pierre Sardet	Daniel Escudeiro